

**MINUTES OF THE JOINT EXECUTIVE APPROPRIATIONS COMMITTEE**  
**April 18, 2006 at 1:00 P.M.**  
**Room W135, House Building, Senate Capitol Complex**

Members Present: Sen. Lyle Hillyard, Co-chair  
Rep. Ron Bigelow, Co-chair  
Sen. Gene Davis  
Sen. Dan Eastman  
Sen. Karen Hale  
Sen. Peter Knudson  
Sen. Ed Mayne  
Pres. John Valentine  
Rep. Jeff Alexander  
Rep. Ralph Becker  
Speaker Greg Curtis  
Rep. Ben Ferry  
Rep. Patricia Jones  
Rep. Brad King  
Rep. Roz McGee  
Sen. Curtis Bramble, Vice Chair  
Rep. David Clark, Vice Chair

Members Excused: Sen. Mike Dmitrich  
Sen. Beverly Evans

Members Absent: Rep. Stephen H. Urquhart

Staff Present: John Massey, Legislative Fiscal Analyst  
Michael Kjar, Deputy Director, Fiscal  
Lynette Erickson, Secretary

Others Present: Sophia DiCaro, Governor's Office of Planning and Budget  
Linn Baker, Director, Public Employee Health Program  
Jonathan Ball, LFA  
Ben Leishman, LFA  
Connie Steffen, LRGC  
Patrick Ogden, Assoc. Superintendent, USOE  
Sen. Sheldon Killpack, Medicaid Interim Committee  
Rep. Merlynn Newbold, Medicaid Interim Committee  
Bill Greer, LFA  
Tom Vaughan, ORGC  
Debbie Headden, LFA  
Mary Lou Emerson, Utah Substance Abuse  
Dennis McFall, Project Director, Veterans Nursing Home

A list of visitors and a copy of handouts are filed with the committee minutes.

## **1. Call to Order**

Committee Co-Chairman Lyle Hillyard called the meeting to order at 1:24 p.m.

## **Approval of Minutes**

**MOTION:** Co-Chair Bigelow moved to approve the minutes of February 28, 2006. The motion passed unanimously with Sen. Hale and Pres. Valentine and Rep. Ferry absent.

## **2. Federal Funds Report**

Sophia DiCaro, Governor's Office of Planning and Budget, responded to questions on the Federal Assistance Applications needing approval this month. Karmen Senone, SL County Aging Services, and Dr. Richard Melton, Deputy Director, Department of Health provided clarification. Dr. Melton agreed to provide a detailed report on the background check grant application.

**MOTION:** Sen. Bigelow moved to approve the 14 items on the first and second page of the Federal Assistance Applications list. The motion passed unanimously with Pres. Valentine and Rep. Ferry absent.

## **3. Public Employees Health Plan changes and High Deductible Health Plan**

Linn Baker, Director, PEHP, explained how they were going to change the employees benefits package in order to save approximately \$5 million by transferring dental reserves of approximately \$3 million to the medical program, implementing deductibles and increasing emergency room co-pays by \$25. The question is what will happen next year.

Reps. Alexander, Clark, Bigelow and Speaker Curtis expressed concern with using reserves to fund the benefits cost reduction. Rep. Alexander said if they had known they were going to do that, a 1/2 percent salary increase would have been given instead. Rep. Clark emphasized that using one time money to fund ongoing programs is always wrong. Speaker Curtis referred to a letter Leadership had sent them the end of February clearly stating the Legislature's position and desire. He asked how much money would be generated by lowering the premium share from 93/7 to 90/10. Mr. Baker said this would raise approximately \$15 million. They discussed with Mr. Baker alternatives to cover funding next year. Mr. Baker concluded funding would have to come from either a reduction in benefits or increased costs to employees.

Mr. Baker confirmed that it was not deliberate strategy to not follow the Legislature's intent. He reaffirmed that changes can be made by the State Retirement Board and no legislative action is required.

**MOTION:** Co-chair Bigelow moved that PEHP come back to the committee before the next general session with three alternatives so that the committee can give direction on a change for next year. They should include a minimum of three recommendations, one on a change in the share of premium paid by employees, one on deductibles, and one on benefits. They should also include information on how the State Health Plan compares to industry standards in Utah. The motion passed with Sens. Hillyard, Davis, Eastman, Hale, Knudson, Mayne and Valentine and Reps. Bigelow, Becker, Jones, King, and McGee voting in favor and Reps. Alexander, Curtis and Ferry voting in opposition.

Mr. Baker briefly reviewed the High Deductible Health Plan saying that open enrollment is currently underway and they expect to know by the middle of June how many will enroll in this program. Co-chair Hillyard requested they keep in contact with the committee chairs and give updates on what is happening.

#### **4. Report on intent language standardization and draft legislation**

Jonathan Ball, LFA, reported on intent language that had been recommended for statute on non-lapsing intent language. In addition to a power point presentation, he provided in the packet a list of all committee recommendations for intent language proposed for statute. With regard to non-lapsing authority, he said the committees had considered timing, graphs of historical trends, accuracy of estimates, and trends of balances, questioning if balances are too high. Mr. Ball presented standards for intent language and he suggested the committee direct staff to draft a bill codifying intent language and/or to use standard non-lapsing intent language.

#### **5. Overview of work plans for the Charter School study**

Ben Leishman, LFA, and Connie Steffen, LRGC, presented implementation plans for a study of charter schools. Ms. Steffen suggested study items include looking at charter school administration and finances, the long term viability of charter schools, facilities and problems encountered securing facilities, including the state's liability, and look into anticipated growth in charter schools. There are three components to the study plan: a request for proposal to conduct and compile information on charter school growth, a legislative audit on charter school finances and an evaluation by the State Office of Education on services they provide to charter schools as well as their administrative support.

Ms. Steffen continued that legislative staff has the capability to do many components of the study, but they suggest a RFP be issued in order to project growth in charter schools. It needs to be understood why parents are enrolling students in charter schools. By polling charter school

patrons, a clearer understanding of the unmet needs of the traditional public school system can be identified. The RFP would also poll school districts to determine how they are reacting to this growth and if they are capable of meeting the same needs. In addition, they would request examination of current charter school funding mechanisms versus proposed charter school funding mechanisms.

Committee members discussed with Ms. Steffen qualifications of those who could conduct this study. Rep. Jones suggested they contact school districts who may already have some of this information. Wayne Kidd, Legislative Auditor, commented on the legislative audit they would perform. Co-chair Bigelow suggested they provide the components separately as they are completed. Sen. Eastman reminded the committee that charter schools have been approved on a very liberal basis, and the original concept was for them to be established under district supervision, not the state. Patrick Ogden, Assistant Superintendent, USOE, reported they were planning on completing their evaluation within next three months. Co-chair Bigelow questioned Mr. Ogden on the moratorium placed on charter schools and he responded that it was temporary and there is no intent that it be extended. It will be removed once these study issues are resolved. Co-chair Bigelow the committee be apprised by letter of any new or changed rules regarding governance from the state board.

## **6. Overview of work plans for the Medicaid Interim Committee**

Sen. Killpack introduced this new committee saying that medicaid and funding of social service programs are issues that desperately need to be addressed. The scope of this committee is broad with six meetings approved to look at medicaid program financing, the Department of Health and Human Services programs, Juvenile Justice Service programs, and Workforce Service programs. Basically it will look at everything that is impacted by medicaid. First and foremost, they will be trying to understand what the realities will be, what ongoing costs will be, and how to manage those costs to keep serving those with the greatest need.

Mr. Bill Greer, LFA, said they are currently waiting for a few more appointments to the committee. The first meeting is tentatively scheduled for May 10 with a final report to be presented by Nov. 1<sup>st</sup> to the Legislative Management Committee. In their first meeting, Tom Vaughan, LRGC, said they plan to talk about options and understanding not only medicaid but other programs. They also plan to conduct a two-part survey with department heads about the programs under their jurisdiction.

Co-chair Bigelow cautioned that they don't lose sight of their objective to have departments provide priorities of programs and then compile one summary of those priorities. He hopes it is clearly understood that there is a high probability that low priority programs may not be funded. Advocacies should not be misled that they may be funded and this prioritization process will be critical when it comes to funding. Sen. Davis expressed hope that program cuts be not driven by the budget alone, but by need as well. Rep. Becker commented that the State is bound

substantially by what happens on the federal level and asked that they look at options to fill the gaps in order that these populations continue to be well served. Rep. Newbold concluded that funding essential services affects other areas and they will get input from advocacy groups, gather information, look at what other states are proposing, and then put everything together in their report.

Speaker Curtis questioned if there could be a possible conflict of interest of those appointed to serve on the Medicaid Interim Committee if they were also involved with an advocacy group. Sen. Killpack responded that while he can't speak for others, he would hope they would be objective and remove themselves if necessary. Co-chair Bigelow acknowledged if you have an advocate on the committee and programs are funded or not, it could be questioned if it was really an independent analysis. Rep. Jones commented that the Legislature is flooded with conflicts of interests and since there are only six interim meetings, it could be helpful to have people who already understand medicaid and how it works on the committee.

#### **7. Drug Offenders Rehabilitation Act (DORA) - Program update**

Debbie Headden, LFA, and Mary Lou Emerson, Director, Substance Abuse and Anti-Violence Coordinating Council, gave an update on the DORA program which was created in 2005 for convicted drug offenders. Legislation allowed for 250 participants in Salt Lake County for a three-year pilot program. In 2006, an amendment allowed for all felony offenders to be considered. They now have 82 offenders in the program, having screened 255 and referred 110 to Salt Lake City Drug Abuse. They are gathering data and will share outcome measures when they are available.

#### **8. Veterans Nursing Home - Program update**

Dennis McFall, Project Director, Veterans Nursing Home, gave a brief update saying a grant has been approved but not funded. It will not be funded this year or next. The earliest it would be funded is 2008. They would like to proceed with design and architectural work using the legislative funding they received since construction costs continue to rise.

**MOTION:** Co-chair Bigelow moved to adjourn.

The meeting adjourned at 3:28 p.m.